



Business Performance

January–March 2016

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Index

- A. Results**
- B. Business Units**
- C. Financials**
- D. Business Drivers**

Index

A. Results

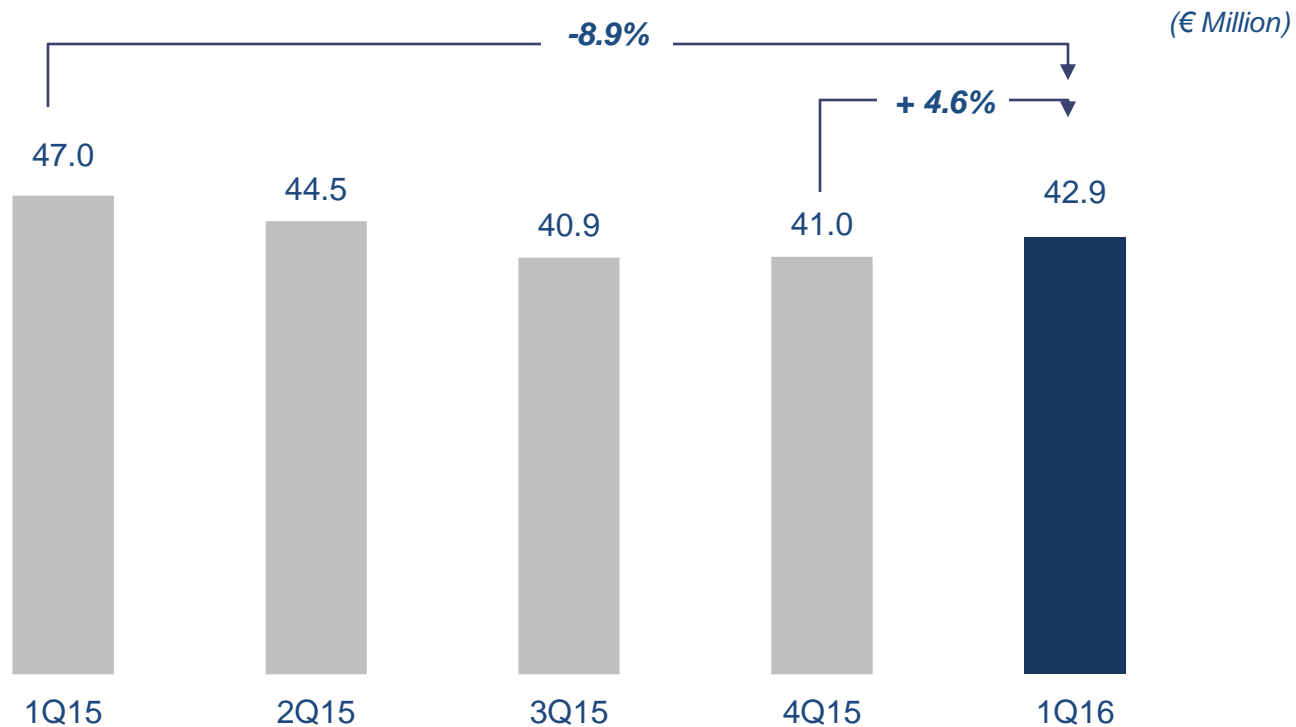
B. Business Units

C. Financials

D. Business Drivers

Results

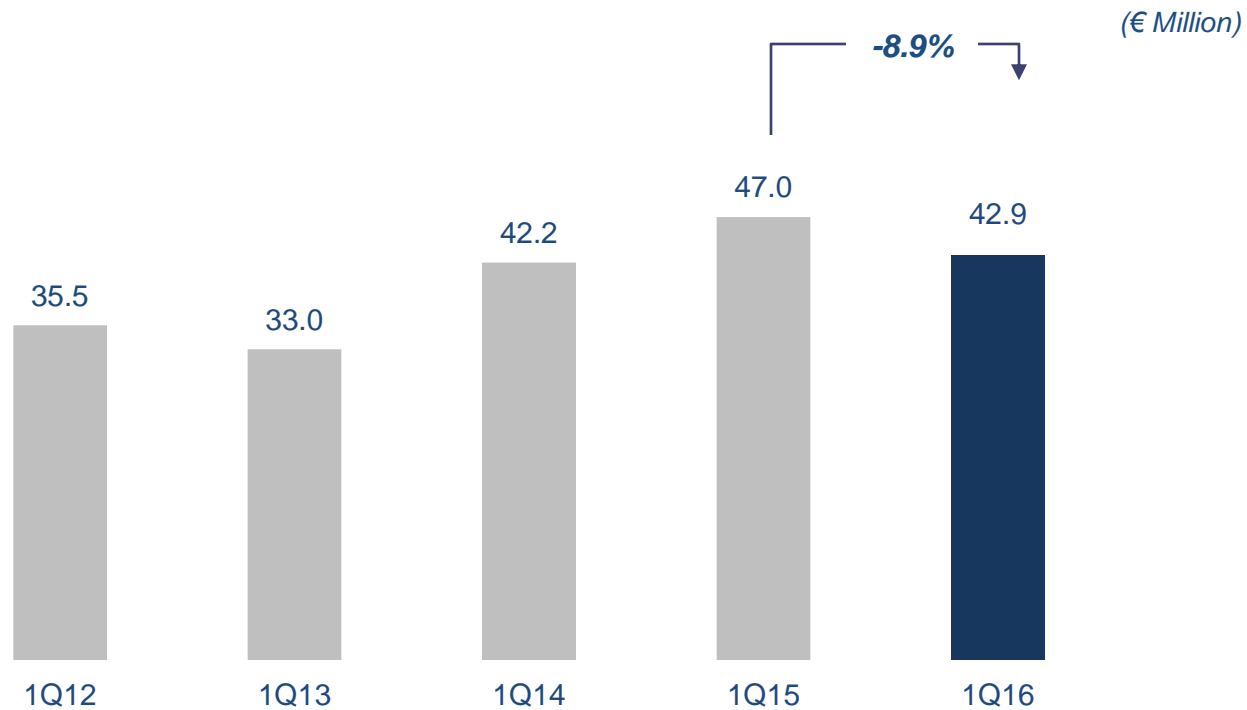
Net profit



Net profit decrease of 8.9% compared to 1Q15
(increase of 4.6% compared to 4Q15)

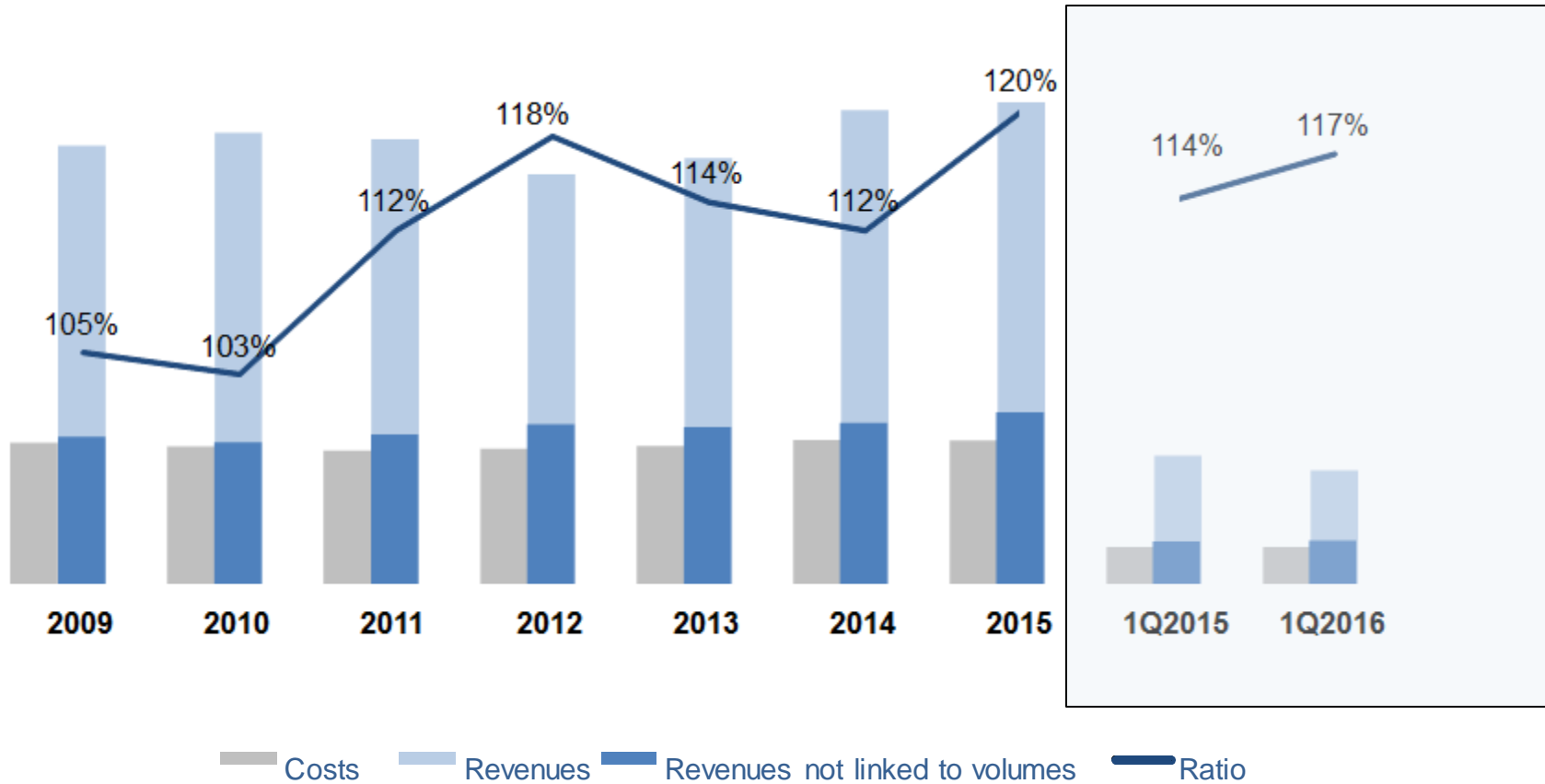
Results

Net profit



A comparison with an outstanding 1T15

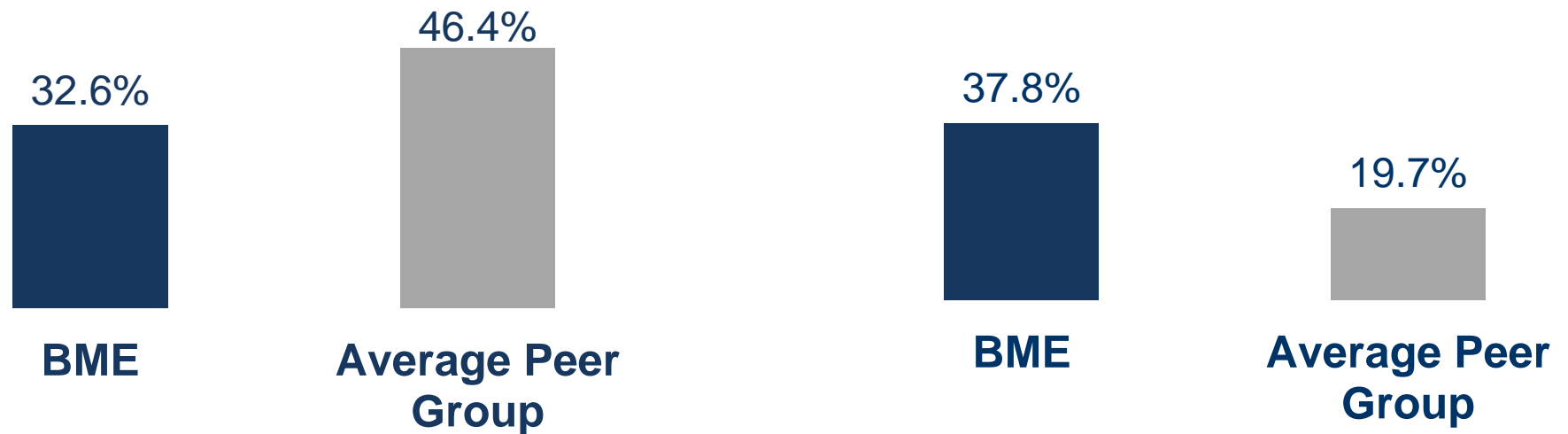
Solid operating leverage



Key ratios benchmarking

- Efficiency

- ROE

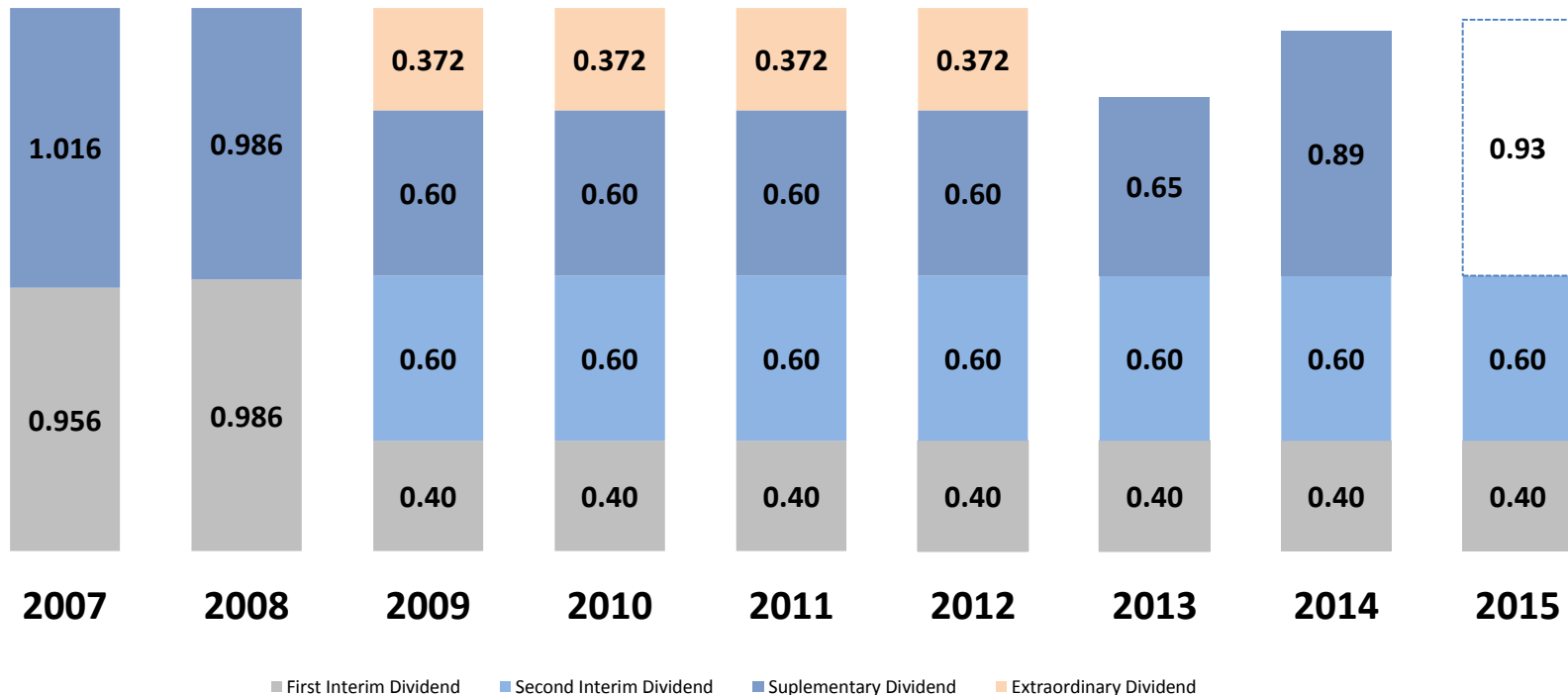


- BME's data as of 31/03/2016

- Average peer Group figures are calculated using last results published and not taking account of goodwill impairment charges

Dividends: Maximizing shareholders' returns

Pay Out	82%	86%	89%	86%	86%	98%	96%	96%	93%
Total Dividends /Share	1.972	1.972	1.972	1.972	1.972	1.972	1.65	1.89	1.93



Sustainability of Pay-out

Proposed supplementary dividend: €0.93 per share

Index

A. Results

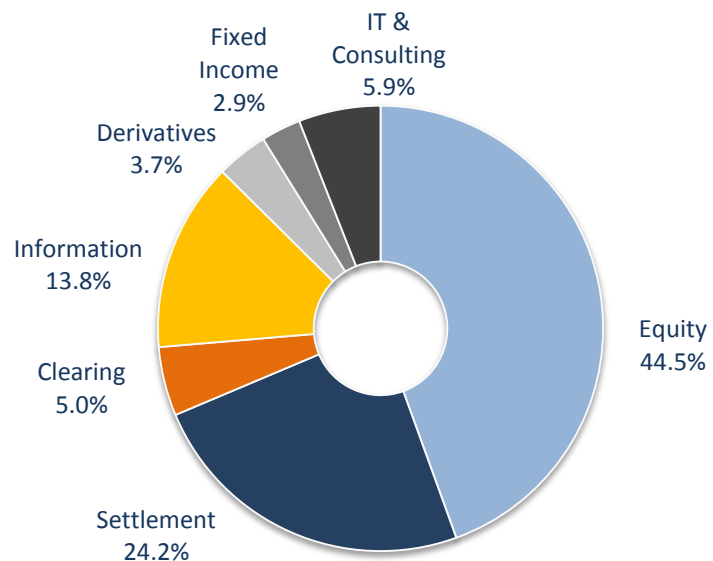
B. Business Units

C. Financials

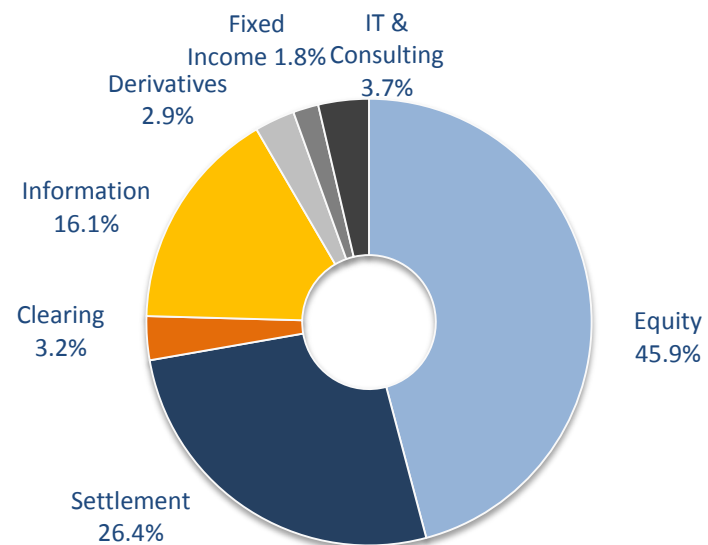
D. Business Drivers

Business Areas

Consolidated Revenues
1Q 2016 - %



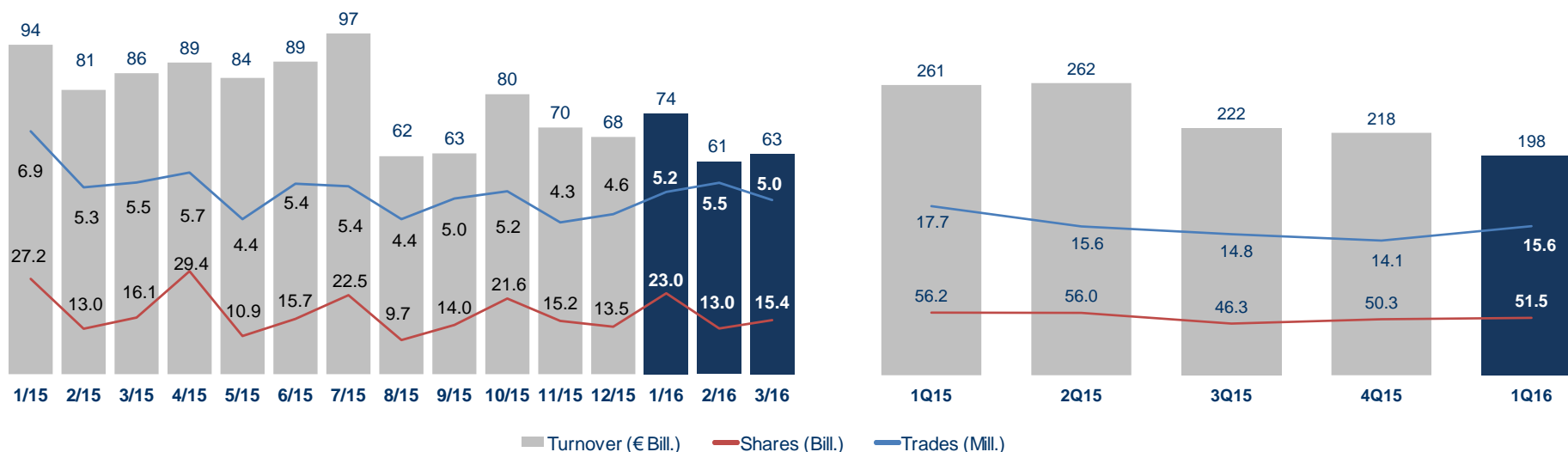
EBITDA
1Q 2016 - %



Equity Market

Thousands of €	1Q 2016	1Q 2015	%
Revenues	35,862	43,654	-17.8%
Expenses	(9,762)	(9,432)	3.5%
EBITDA	26,100	34,222	-23.7%

Equity (Turnover, number of trades and number of shares traded)

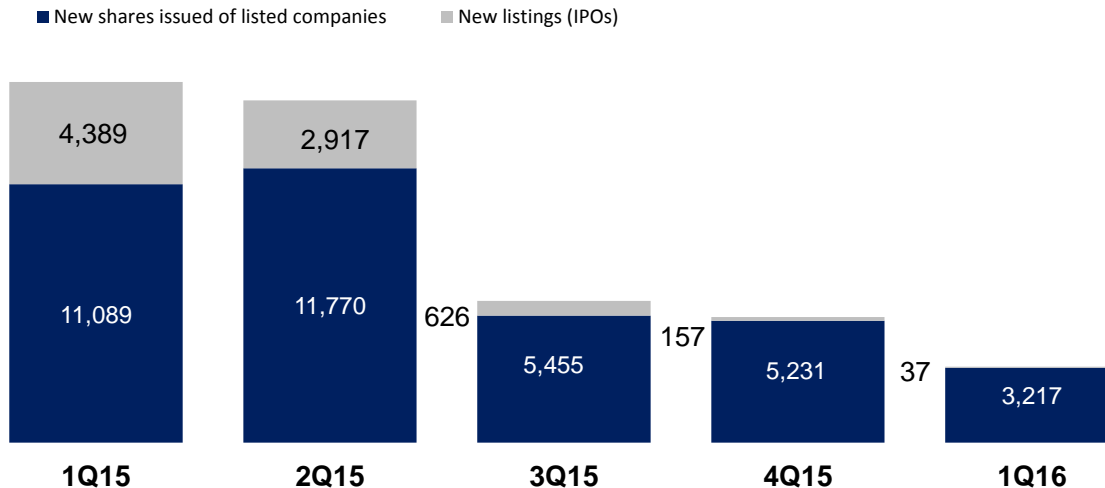


Revenue in line with 4Q15

Equity Market

- Listing activity

Investment flows channeled through the Exchange (€ Million)



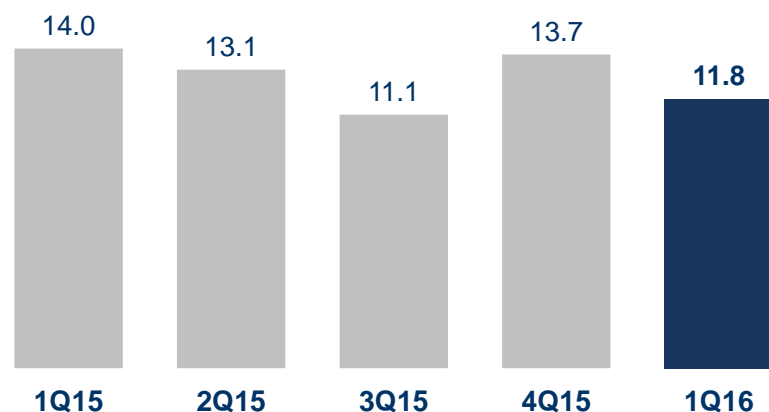
- Investment flows have slowed the pace compared to the first half of 2015. Amounted to €3.3 billion, of which €886 million were in scrip dividend.
- Issuers return to market access activity with Telepizza, Dominion and Parques Reunidos IPOs in April.

Source: FESE (Federation of European Stock Exchanges)

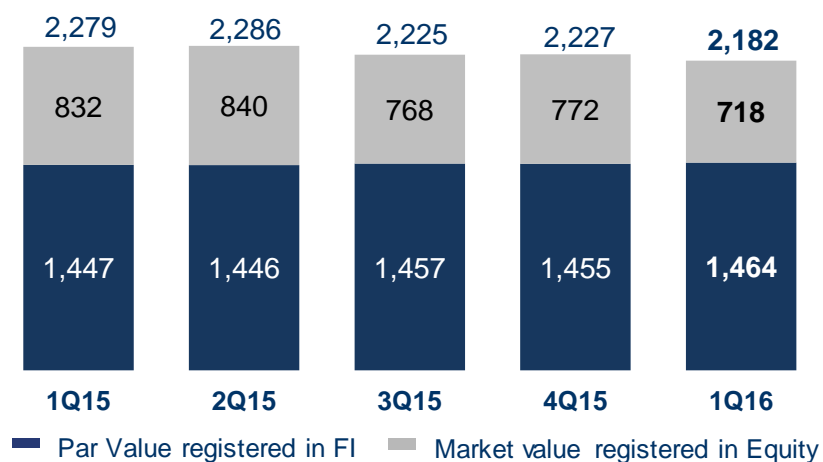
Settlement & Registration

Thousands of €	1Q 2016	1Q 2015	%
Revenues	19,490	21,718	-10.3%
Expenses	(4,463)	(4,947)	-9.8%
EBITDA	15,027	16,771	-10.4%

Settlement: Number of trades settled
(Million of trades)



Securities under custody: Volumes
(€ Billion)

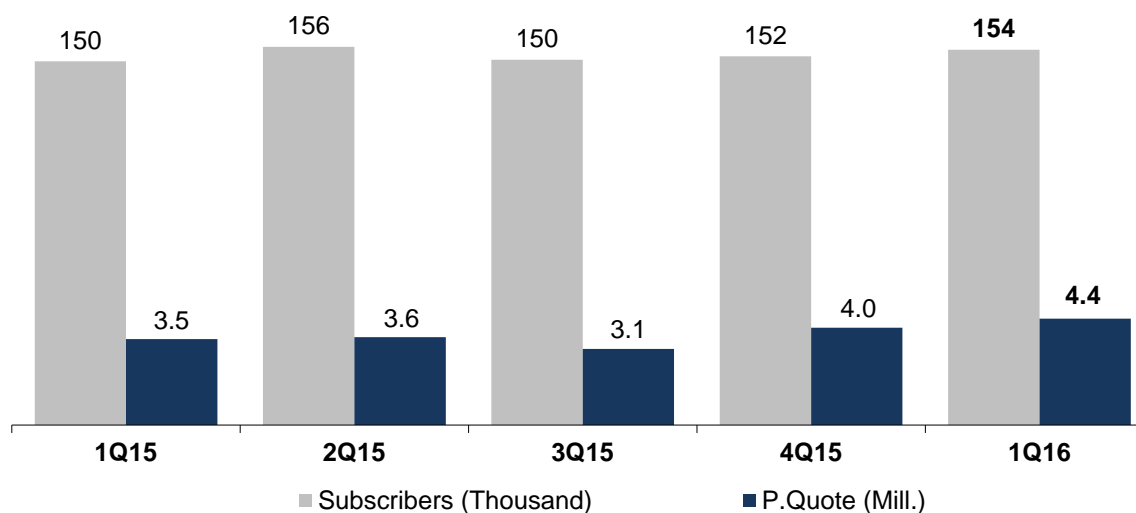


The stability of registration softens the effect of lower volumes

Information

Thousands of €	1Q 2016	1Q 2015	%
Revenues	11,100	9,415	17.9%
Expenses	(1,914)	(807)	137.2%
EBITDA	9,186	8,608	6.7%

Information: Subscribers to primary market sources (Average for the period in thousands of subscribers and millions of accesses per quote)

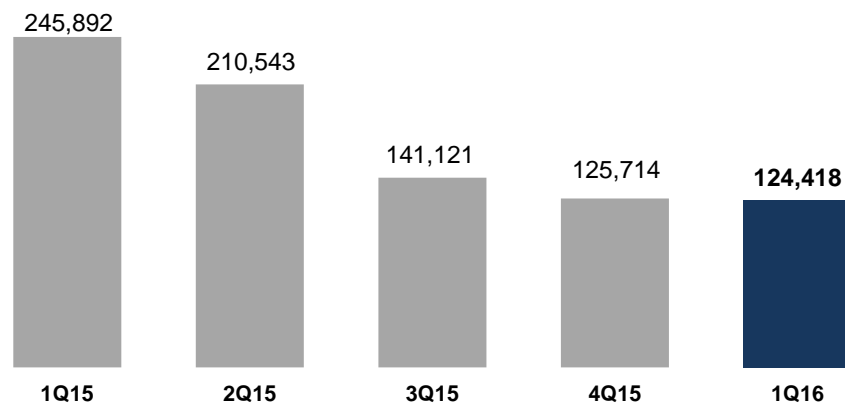


Core growth and Infobolsa acquisition

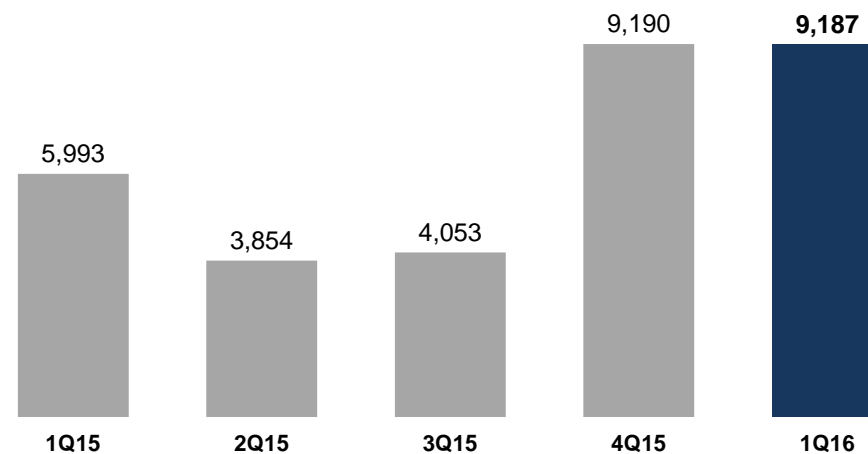
Clearing

<i>Thousands of €</i>	1Q 2016	1Q 2015	%
Revenues	4,041	4,435	-8.9%
Expenses	(2,237)	(2,523)	-11.3%
EBITDA	1,804	1,912	-5.6%

Turnover BME Clearing REPO (€ Million)



Volume (Mwh) traded in Energy market (Thousand)



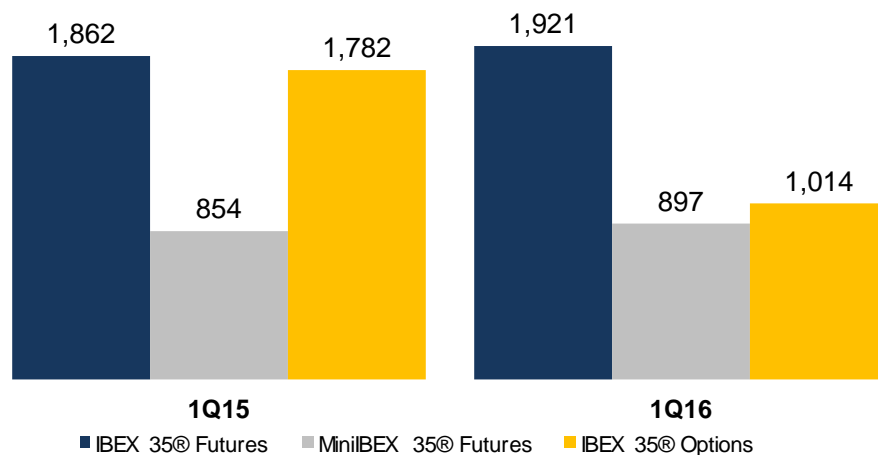
negative effect on income (REPO segment) offset by cost reduction

Derivatives

Thousands of €	1Q 2016	1Q 2015	%
Revenues	3,020	3,159	-4.4%
Expenses	(1,361)	(1,274)	6.8%
EBITDA	1,659	1,885	-12.0%

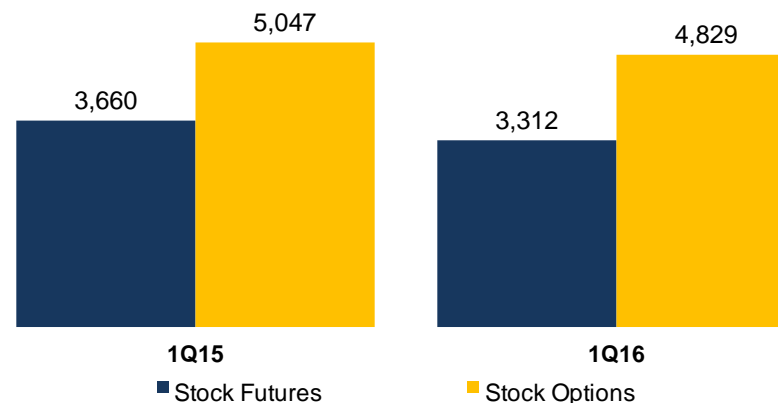
Index derivatives contracts traded

(Thousand of contracts)



Stock derivatives contracts traded

(Thousand of contracts)

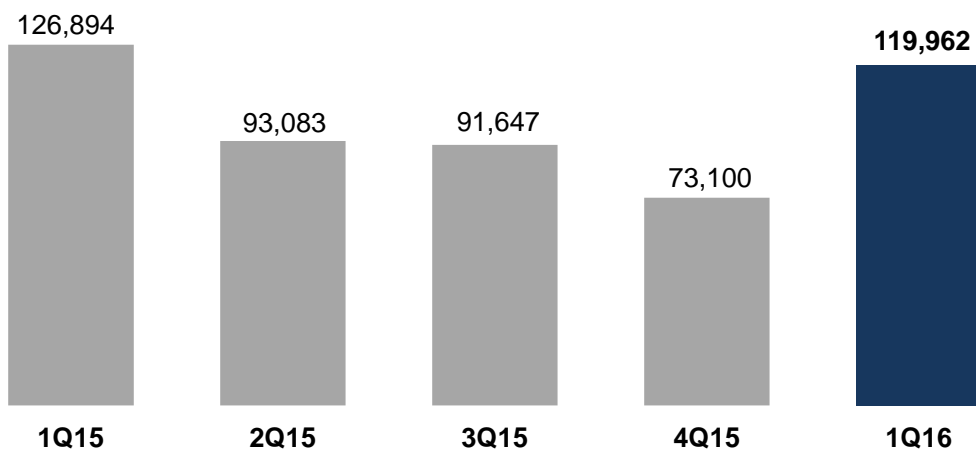


Growth in IBEX® Futures not enough to offset rest of products

Fixed income

<i>Thousands of €</i>	1Q 2016	1Q 2015	%
Revenues	2,325	2,504	-7.1%
Expenses	(1,274)	(1,271)	0.2%
EBITDA	1,051	1,233	-14.8%

AIAF– Volume admitted (Million €)



- Public Debt trading in the quarter improved 19.2% over the previous year to €33.5 billion.
- The primary fixed income market has recovered compared to previous quarters. Issuances for the first quarter amounted to €120 billion, 5.5% lower compared to 1Q15.
- Alternative Fixed Income Market, MARF, continues its growth path. The volume issued in the first quarter reached 482 million, multiplying by more than 6 times one year ago issuances.

IT & Consulting

<i>Thousands of €</i>	1Q 2016	1Q 2015	%
Revenues	4,797	4,630	3.6%
Expenses	(2,709)	(2,794)	-3.0%
EBITDA	2,088	1,836	13.7%

Market access

Alternative

Financial communication/Outsourcing

**London Hubs
Proximity/Colocation**

Virtual desks/Contingency/Call Centers

Highway Bulk Payment/Regis-TR®

Breakdown by business areas

Revenues

<i>Thousands of €</i>	1Q 2016	1Q 2015	%
Equity	35,862	43,654	-17.8%
Settlement & Registration	19,490	21,718	-10.3%
Clearing	4,041	4,435	-8.9%
Information	11,100	9,415	17.9%
Derivatives	3,020	3,159	-4.4%
Consulting & IT	4,797	4,630	3.6%
Fixed income	2,325	2,504	-7.1%

Breakdown by business areas

EBITDA

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Index

- A. Results
- B. Business Units
- C. Financials**
- D. Business Drivers

Balance sheet

<i>as of March, 31st</i> <i>(Thousands of €)</i>	2016	2015
Goodwill	88,718	80,619
Other non-current assets	88,233	88,193
Cash and cash equivalents	229,268	251,929
Current financial assets	121,118	100,167
Non-Group current financial assets	23,395,894	36,133,238
Other current assets	101,035	98,504
Total assets	24,024,266	36,752,650
Owners' Equity	478,254	467,002
Non-current liabilities	20,215	18,344
Current liabilities	23,525,585	36,267,304
Total equity and liabilities	24,024,266	36,752,650

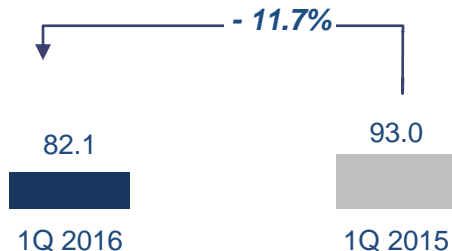
P/L

<i>Thousands of €</i>	1Q 2016	1Q 2015	%
Revenues	82,135	93,048	-11.7%
Expenses	(26,791)	(26,767)	0.1%
EBITDA	55,344	66,281	-16.5%
EBIT	53,865	64,718	-16.8%
Financial results	2,534	225	1,026.2%
Share of profit (loss) of associates	111	66	68.2%
EBT	56,510	65,009	-13.1%
Net Profit	42,864	47,035	-8.9%

Comparison with 1Q 2015

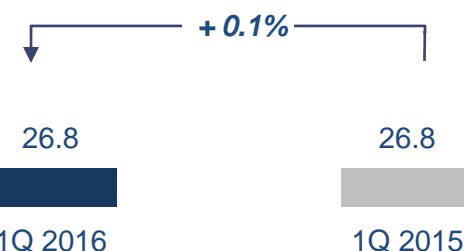
Revenues 1Q 2016/2015

[€ Mill.]



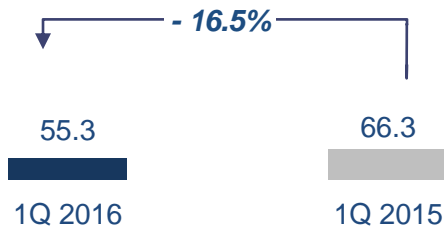
Costs 1Q 2016/2015

[€ Mill.]

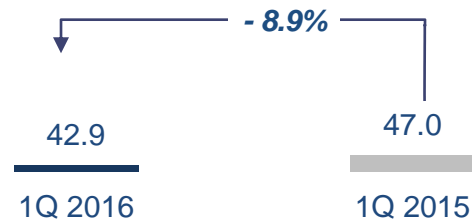


Margins

EBITDA 1Q 2016/2015 [€ Mill.]



Net Profit 1Q 2016/2015 [€ Mill.]



Efficiency & Profitability

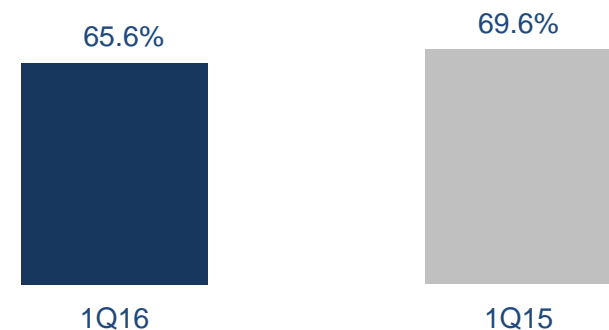
ROE Evolution

% ROE



EBIT/Revenues Ratio Evolution

% EBIT/Revenues



Cost/EBIT Ratio Evolution

% Cost/EBIT



Efficiency Ratio Evolution

% Efficiency















Index

- A. Results
- B. Business Units
- C. Financials
- D. Business Drivers**

Business drivers: Highly liquid market

- Spanish blue-chips are of the most liquid stocks in the EMU

RK	Company	1Q16	Daily avg. 1Q16	Relative weight at EuroStoxx50 (%) ¹⁾
		Turnover (€ Billion)	Turnover (€ Billion)	
1	 Grupo Santander	40.8	0.66	3.09%
2	 TOTAL	36.1	0.58	5.22%
3	DAIMLER	36.0	0.58	3.35%
4	 INTESA SANPAOLO	32.2	0.52	1.79%
5	 Bayer	30.8	0.50	4.10%
6	 BBVA	30.4	0.49	2.03%
7	 SIEMENS	28.4	0.46	3.59%
8	 UniCredit	28.4	0.46	1.10%
9	 SAP	26.2	0.42	3.43%
10	 SANOFI	26.2	0.42	4.20%
16	 Telefonica	23.1	0.37	2.15%
24	 IBERDROLA	16.9	0.27	1.73%
30	 INDITEX	15.4	0.25	1.56%

Source: Bloomberg

1) As of 31/03/16

Business drivers: Highly liquid market

- Quality of spreads and best market impact for Spanish stocks

	IBEX₃₅ Horq. Media (%)	IBEX Medium Cap Horq. Media (%)	IBEX Small Cap Horq. Media (%)
201503	0.052%	0.240%	0.75%
201504	0.054%	0.235%	0.74%
201505	0.057%	0.238%	0.85%
201506	0.061%	0.258%	0.84%
201507	0.057%	0.255%	0.71%
201508	0.063%	0.277%	0.82%
201509	0.065%	0.282%	0.91%
201510	0.061%	0.261%	0.88%
201511	0.061%	0.257%	0.80%
201512	0.070%	0.268%	0.87%
201601	0.072%	0.281%	0.96%
201602	0.077%	0.302%	0.98%
201603	0.064%	0.239%	0.69%

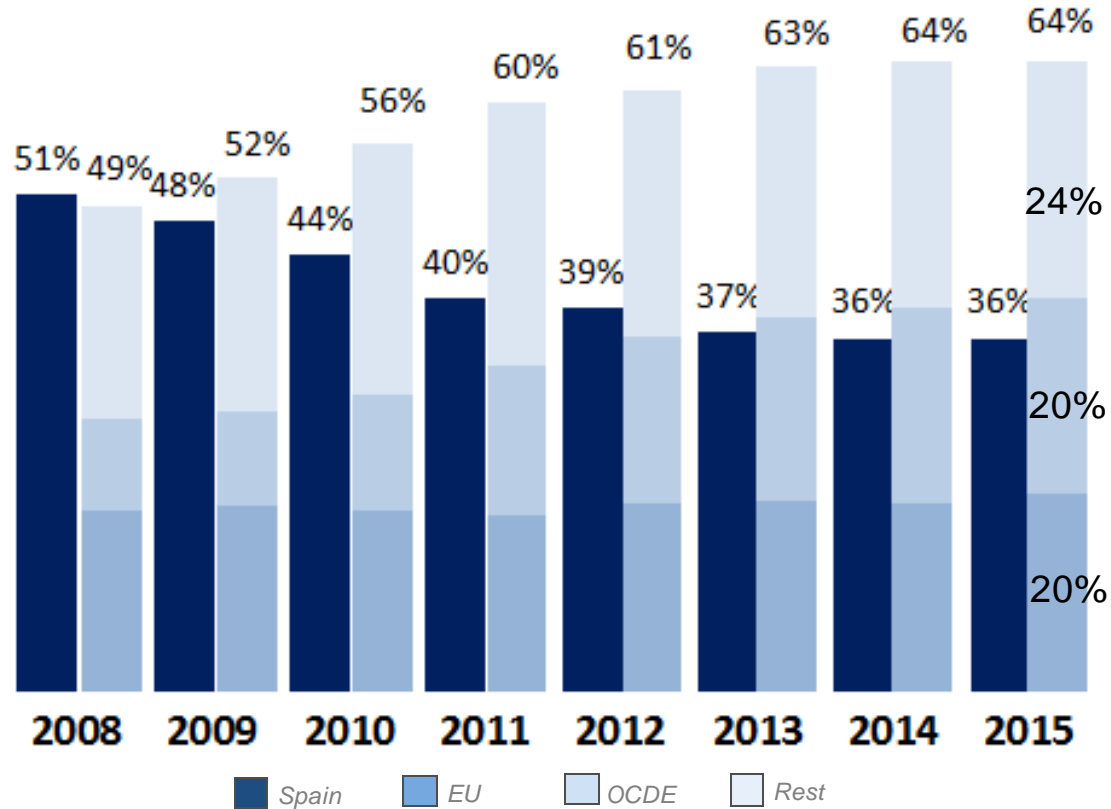
After a period of high volatility, which caused an increase in spreads, again have become narrowed:

- The IBEX 35® and IBEX® Medium Cap spread reached again values near their lows.
- IBEX® Small Cap achieved record minimum levels in the bid-ask spread with an improvement of 6 basis points from a year earlier, reflecting greater market depth and liquidity in these securities.

Source: Market annual and monthly reports

Diversified market

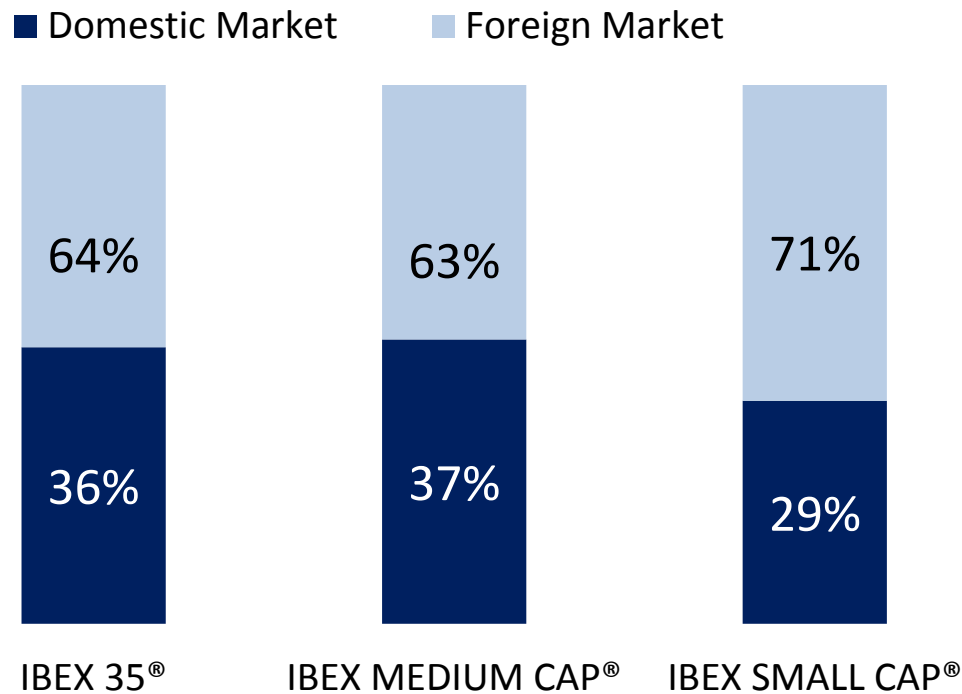
- Distribution by markets of business volume of the IBEX 35[®] companies (2008 – 2015)



Source: Interim Reports from listed companies obtained from CNMV

Diversified market

- Distribution by markets of business volume of IBEX[®] companies (2015)

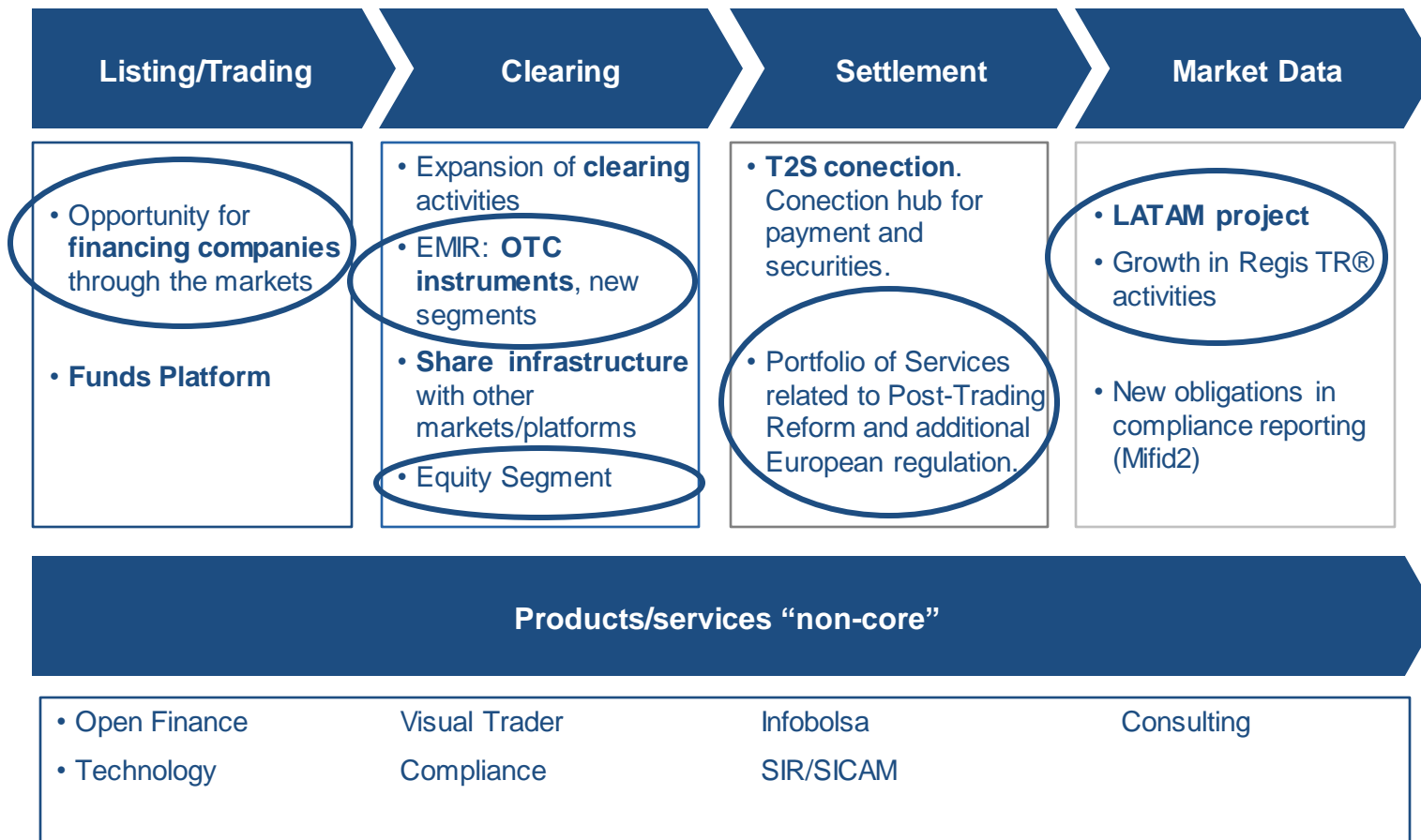


Source: Interim Reports from listed companies obtained from CNMV

Growth projects “core” and “non-core”

Progress report

- Enrichment of the value chain in all their links



Q&A